

Exhibit 90

CONFIDENTIAL
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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IN RE BEAR STEARNS COMPANIES, INC.
SECURITIES DERIVATIVE, AND ERISA
LITIGATION

Master File No.
08 M.D.L. 1963 (RWS)

BRUCE S. SHERMAN,

ECF Case

Plaintiff,

Index No.
09 Civ. 8161 (RWS)

v.

BEAR STEARNS COMPANIES INC., JAMES
CAYNE, WARREN SPECTOR and DELOITTE
& TOUCHE LLP,

Defendants.

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CONFIDENTIAL

Videotaped deposition of PAUL FRIEDMAN, taken pursuant to Notice, was held at the Law Offices of BOIES SCHILLER & FLEXNER, LLP, 575 Lexington Avenue, New York, New York, commencing December 5, 2014, 9:41 a.m., on the above date, before Amanda McCredo, a Court Reporter and Notary Public in the State of New York.

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| <p style="text-align: right;">Page 174</p> <p>1 P. Friedman - CONFIDENTIAL</p> <p>2 Q In describing your years at Bear, did you</p> <p>3 ever make this statement: "It was a classic case</p> <p>4 of mismanagement from the top"?</p> <p>5 A I believe I did make that statement.</p> <p>6 Q Okay. What were you referring to in that</p> <p>7 instance?</p> <p>8 A At the time that I said it, again, this</p> <p>9 was after Bear had failed and before the events of</p> <p>10 the summer of 2008, when a number of other firms</p> <p>11 failed, I felt it was Bear Stearns' fault in some</p> <p>12 way, shape, or form, for allowing the events in</p> <p>13 the marketplace to put us out of business.</p> <p>14 But I changed that view subsequently, when</p> <p>15 I watched Lehman go out of business, when I watched</p> <p>16 Merrill and Morgan Stanley virtually go out of</p> <p>17 business, when I watched Fannie and Freddie and AIG</p> <p>18 go out of business, and firms that were much larger</p> <p>19 and much stronger and much more financially sound,</p> <p>20 with multiples of the capital, either go out of</p> <p>21 business or nearly go out of business.</p> <p>22 I ended up with a different view of -- of</p> <p>23 blame. But at the time, I felt that it was our</p> <p>24 fault.</p> <p>25 Q Okay. And is it fair to say that now you</p> | <p style="text-align: right;">Page 176</p> <p>1 P. Friedman - CONFIDENTIAL</p> <p>2 Q Thank you very much.</p> <p>3 Did you ever have any discussions with</p> <p>4 anyone about how Bear's trading desk was used to</p> <p>5 keep track of what Cioffi was doing in the funds?</p> <p>6 A I don't think I used the phrase "keep</p> <p>7 track of."</p> <p>8 Q What phrase did you use? I apologize.</p> <p>9 A I think I had a conversation with Cohan</p> <p>10 about how there was an advantage in having smart</p> <p>11 mortgage people like existed on the Bear Stearns</p> <p>12 mortgage desk talking to and dealing with Ralph</p> <p>13 Cioffi.</p> <p>14 Q And in part, that gave -- gave Bear the</p> <p>15 opportunity to see and know what he was doing,</p> <p>16 correct?</p> <p>17 A No. It gave an opportunity to see a</p> <p>18 relatively small portion of what he was doing, but</p> <p>19 to have a sense of what he was doing.</p> <p>20 Q Okay. And do you recall telling Cohan</p> <p>21 that the folks on the trading desk, the people</p> <p>22 that were trading with the funds, and as a result,</p> <p>23 got a view as to what they were doing, at least as</p> <p>24 to those trades, this gave them an opportunity to</p> <p>25 keep Warren advised?</p> |
| <p style="text-align: right;">Page 175</p> <p>1 P. Friedman - CONFIDENTIAL</p> <p>2 think Bear was well managed, correct?</p> <p>3 A Reasonably.</p> <p>4 Q And that there's nothing that Bear could</p> <p>5 have done to alleviate the liquidity or mismatch</p> <p>6 issues that caused it to go out of business,</p> <p>7 correct?</p> <p>8 MR. HERMAN: Objection.</p> <p>9 MR. HURWITZ: Objection to the form.</p> <p>10 Q Go ahead.</p> <p>11 A I don't believe that anything we could</p> <p>12 have done short of selling the firm would have</p> <p>13 made a difference, given the events of the summer</p> <p>14 and fall of 2008.</p> <p>15 Q Was there something that -- that made</p> <p>16 selling the firm a non-option, in your view?</p> <p>17 A I'm not sure what that means.</p> <p>18 Q Was there something that prevented Bear</p> <p>19 from selling the firm prior to failing?</p> <p>20 A I don't know. I wasn't -- I don't know.</p> <p>21 It wasn't my job to explore it, so I don't know.</p> <p>22 Q Do you know if anyone did explore it?</p> <p>23 A I don't know.</p> <p>24 Q Can I -- can look for a second?</p> <p>25 A (Handing.)</p> | <p style="text-align: right;">Page 177</p> <p>1 P. Friedman - CONFIDENTIAL</p> <p>2 A Again, in a broad sense, it created a</p> <p>3 dialogue with Ralph which created a certain level</p> <p>4 of knowledge of some of what he was doing.</p> <p>5 Q Okay. And you also -- correct me if I'm</p> <p>6 wrong -- made the statement that when the trading</p> <p>7 was put on a moratorium because of the inability</p> <p>8 of the Cioffi funds to comply with regulatory</p> <p>9 requirements involving principal trading letters,</p> <p>10 that for a period of time, that -- that</p> <p>11 observation capability was lost, correct?</p> <p>12 A Again, that's a long question. So, yes,</p> <p>13 when the moratorium was placed on the trading</p> <p>14 desks, activities with the BSAM funds, they did</p> <p>15 not have -- they went from having a small amount</p> <p>16 of insight into the funds into having essentially</p> <p>17 no insight.</p> <p>18 Q And then the insight came back when the</p> <p>19 moratorium was lifted -- lifted in 2007, correct?</p> <p>20 A I don't remember it being lifted.</p> <p>21 Q Do you know whether it was or wasn't?</p> <p>22 A I don't know.</p> <p>23 Q Let me -- let me discuss another statement</p> <p>24 that you've made. And this is in the context of</p> <p>25 the billion-6 repo, okay?</p> |